

Written Submission for the Pre-Budget Consultations in Advance of the 2024 Federal Budget



Submission of United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service
Workers International Union (“The United Steelworkers” or “USW”)

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The USW is the largest private sector union in North America with over 225,000 members in Canada and more than 850,000 members continent-wide. The USW is Canada's most diverse union, representing workers in every sector of the economy.

The USW fights not only for our members' wages and working conditions, but also for those members to come home to a safe, healthy, and prosperous community.

To that end, the USW is committed to defending and expanding social programs that are the building blocks of working-class prosperity. Programs like childcare, education, healthcare and retirement security instill the skills Canadians need to thrive and provide security against calamity. Along with the Canadian labour movement, the USW urges the government to properly fund public services. In particular, the government should follow-through on its promise to implement a universal pharmacare plan.

This submission, however, focuses on the key policy issue of our times - the convergence of industrial and environmental policy as the economy decarbonizes. In 2023, the government articulated key pieces of its net-zero ambitions. The USW welcomes the vision to use the economic transition as an opportunity to empower workers and their communities. The following recommendations are made to promote the wellbeing of workers in this project.

Anti-scab legislation now!

This government must immediately introduce and pass anti-scab legislation. Workers, especially those in carbon-intensive industries, need to know the government has their backs, and that the race to net zero is not a race to the bottom.

The NDP and the Bloc have already signalled their support. There is no reason to delay this long-promised measure. The government can act immediately by supporting Bill C-302, *An Act to amend the Canada Labour code*, a private member's bill introduced by the NDP's Alexandre Boulerice.

The right of workers to withhold their labour in order to achieve common goals in their workplace is the foundation of the trade union movement, essential to meaningful collective bargaining, and a fundamental right in our democratic society. Since 2015, the Supreme Court has recognized the right to strike as an "indispensable component" of collective bargaining, and therefore protected under the Charter.

Despite this recognition, and many campaign promises, this government has not yet enacted anti-scab legislation for the federal sector.

The USW knows from experience that the use of scab workers undermines the right to Freedom of Association and pits desperate workers against each other. The reality is that scabs prolong strikes and lockouts and give the employer little incentive to reach a fair deal.

Industrial Policy and Sustainable Jobs

Fund a worker-centred Sustainable Jobs Plan

In the past year, the government proposed key pieces in their plan to reach net zero. Budget 2023 introduced a suite of investment tax credits (ITC) to promote investment in clean energy and technology, including the extraction and processing of critical minerals. The government also released its *Sustainable Jobs Plan* for 2023-2025 and tabled *Bill C-50 Canadian Sustainable Jobs Act* in June 2023.

As these plans are fleshed-out, the USW urges the government to centre workers in all decision making and adequately fund the programs they need to ensure they and their communities are not left behind.

First, the government needs to look beyond investment tax credits and invest in regional and sectoral job creation projects to create good, union jobs in clean energy, resource-development, and value-added manufacturing. Following the example of the Regional Energy and Resource Tables, the government must develop a new coordination and funding delivery program to carry-out regional or sectoral strategies. The Green Budget Coalition estimates this will cost \$6.5 billion over 5 years.

Further investment is also needed for workforce development. The \$250 million over 5 years allocated in the Fall Economic Statement for “investing in skills for the net-zero economy” should be doubled. This would support Sustainable Jobs Training Centers and the Union Training and Innovation program. The gold standard for such training will be union-led, on-the-job training with a pathway to full-time unionized work. Additionally, \$150 million in tuition credits over 5 years is required to attract youth to the skilled jobs needed in a sustainable economy.

Workers who face job losses due to the transition to net zero deserve the most support. At a minimum, a new program is needed to bridge workers in transition-affected occupations to their retirement. A \$4.5 billion investment over 5 years would permit retirement bridges for 56,000 jobs per year.

In all the above programs, workers must be at the centre of decision making. The union welcomes the inclusion of labour representatives on the Sustainable Jobs Partnership Council, along with Indigenous and Industry representatives. To make informed decisions, union representatives at every level need information about federally financed initiatives. Data on funding that flows through federal programs and investment tax credits, needs to be available to decision makers on a regular basis, as a right. To achieve this, adequate funding is needed to develop regional labour market and sectoral data collection. The Green Budget Coalition estimates this will require \$30 million over five years.

Employment Insurance for the 21st Century

The government should recognize that it is workers who shoulder the most risk in times of economic transformation. This government should make good on the promise to deliver EI for the 21st century. To begin, reinstate the “simplified” EI program that existed between 2020 and 2022. These simplifications delivered a fairer and more efficient program, demonstrating that punitive means testing is counter productive. The EI program should immediately be modified in the following ways:

- Replace the Variable Entrance Requirement with a national hours-based entrance requirement, the lesser of 360 hours or 12 weeks of insurable employment.
- Increase the replacement rate to two-thirds of a higher insurable earnings of \$88,000
- Introduce a benefit floor of \$450 weekly for low-income claimants
- Exclude severance packages and vacation entitlements from eligibility calculations

Many of the industries targeted by the government’s *Sustainable Jobs Plan* are either project based or experience cyclical downturns. In collective bargaining, parties sometimes trade wage increases for guarantees of security during downturns. The restrictive means testing, that characterizes many workers’ experiences with the EI program, effectively punishes workers for accepting this trade-off.

Investment Tax Credits

The investment tax credits announced by the government in Budget 2023 appear to be Canada’s response to the the *Inflation Reduction Act*. While there are concerns about whether the credits answer the scope and scale of the *Inflation Reduction Act*, the USW welcomes the vision behind these initiatives.

The USW welcomes the inclusion of labour requirements for several investment tax credits. This is an important safeguard ensuring that government assistance is not used to drive down wages and working conditions. However, the prevailing wage and apprenticeship incentives should be attached to all six investment credits presented in Budget 2023. Currently, the *Clean Hydrogen*, *Clean Electricity*, *Carbon Capture*, and *Clean Technology Investment* credits include incentives to offer a “prevailing wage” and 10% of labour hours be worked by apprentices.

Disappointingly, these incentives are not included in the reduced tax rate for zero-emission technology manufacturers and the *Clean Technology Manufacturing* credit, which includes extraction and processing of critical minerals. It appears that construction projects will be incentivized to adhere to labour requirements, while manufacturers of the materials and products used in construction, or produced by these new facilities, will not.

Budget 2023 further states that labour requirements would only apply to workers “whose duties are primarily manual or physical in nature (e.g., labourers and tradespeople).” They would not apply to workers whose duties are “primarily administrative, clerical, supervisory, or executive.”

This is a serious unfairness. It incentivizes decent labour conditions only in manual occupations during the construction phase of projects. Employers in the manufacturing and service sector will be able to fully benefit from ITCs regardless of their labour practices. The separate tax treatment of “manual” occupations is also an obviously gendered difference between who benefits from investments in the green economy.

To address this double standard, labour conditions need to be extended to the *Clean Technology Manufacturing* credit and encompass all workers, not just “manual” workers.

Buy Clean

The USW urges the adoption of a “Buy Clean” procurement policy to increase demand for clean industrial products that provide good jobs for workers in Canada, as articulated in the USW’s May 2022 and July 2023 submissions to Global Affairs Canada.

A “Buy Clean” policy with emissions requirements incentivizes the use of lower carbon steel, concrete, aluminum and wood. These are the basic materials needed to build the green economy of the future. Construction materials including steel, aluminum lumber, and cement, when produced in Canada, typically have lower embodied carbon than imported materials¹. A “Buy Clean” approach should be tied in with other climate and jobs initiatives, including those related to the *Sustainable Jobs Plan*.

“Buy Clean” will require a framework with provinces and municipalities for multijurisdictional implementation. This will ensure that sustainability criteria are considered in all federal procurement and transfers to provinces for large infrastructure projects. A “Buy Clean” strategy thus provides a steady source of demand for producers of basic construction materials, while securing well-paying jobs in Canada.

A “Buy Clean” procurement strategy also entails adequate funding for education and capacity-building, and creates incentives for provinces, territories and municipal governments to implement the strategy.

Finally, the USW asserts that the federal government should be able to exclude bids from suppliers that cannot prove their supply chain is free from human and labour rights violations including the use of forced or child labour. Federal transfers for provincial and territorial infrastructure and social services procurement should come with similar requirements attached.

¹ Emissions from steel made in Canada from electric arc furnaces are three times lower than from China, while aluminum produced in Canada is the cleanest in the world, according to Global Efficiency Intelligence <https://www.globalefficiencyintel.com/steel-climate-impact-international-benchmarking-energy-co2-intensities>

Step-up for federally regulated workers

The USW is proud to represent 20,000 thousand workers in federally regulated industries such as Transportation, Telecommunications, Nuclear, Security Screening, and Financial Services.

In many of these workplaces, a federal entity contracts-out important functions while simultaneously acting as a regulator.

In federal prisons, Chaplains who deliver spiritual care are employees of one entity, but work by approval and on the terms set by Correctional Services Canada (CSC). In airports, security screeners are employed by private companies, yet are closely regulated by the Canadian Air Transport Security Authority (CATSA).

This system delivers healthy profits to private corporations, while frontline workers are told there isn't enough funding to provide the pay and working conditions they deserve.

Federal entities can even sanction individuals, depriving them of the accreditation required to work. Workers in such circumstances deserve at least the same due process established in labour law governing typical employment relationships.

The federal government needs to get serious about its relationship with the services it provides to Canadians. Near sighted cost containment leads to deteriorating services and a precarious workforce.

The government must provide the funding to address chronic issues such as low pay, staffing shortages and high turnover rates that perpetuate stressful working conditions in federally regulated industries. It is ultimately the government who holds the purse strings.

Similarly, in telecommunications, while the big telecom companies are eliminating and even offshoring Canadian jobs, the government continues to pay them millions of dollars through procurement contracts.

All eligible government telecom sourcing must be put to an open procurement process and a basic standard of benefit to Canadians must be set and met, before contracts are granted.

Federal entities must also recognize union representation when a worker is sanctioned. The consequences of sanctions have undeniable employment ramifications.

Further, successorship rights need to be recognized to ward off the corrosive practice of contract flipping.